



DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

TO: Chief Fiscal Officers

FROM: Magdalene D. Haggerty, CPA
Accounting Services Director

DATE: July 16, 2001

SUBJECT: Laws 2001, Chapter 362 (Senate Bill 1246)—Penalties for Exceeding the Expenditure Limitation for Fiscal Years 2001-02 and 2002-03

Laws 2001, Chapter 362, §1, provides a reduced penalty for exceeding the expenditure limitation for fiscal years 2001-02 and 2002-03. The penalty for exceeding the expenditure limitation for each of those years will be \$100 if the expenditures subject to the limitation do not exceed the fiscal year 1999-2000 expenditure limitation multiplied by the percentage change in population¹ and an inflation factor of 1.0609 for 2001-02 and 1.092727 for 2002-03. If expenditures subject to the limitation exceed this amount, the penalty amounts in Arizona Revised Statutes (A.R.S.) §41-1279.07(H) apply.

When preparing the budget and expenditure limitation reports for fiscal years 2001-02 and 2002-03 counties, cities, towns, and community college districts subject to the Economic Estimates Commission (EEC) limitation should report the expenditure limitation calculated by the Commission in accordance with the Arizona Constitution as the “EEC Expenditure Limitation,” and not the amount calculated pursuant to Laws 2001, Chapter 362, §1.

If you have any questions, please call Michael Stelpstra, Accounting Services Manager, or me at (602) 553-0333.

MDH/ms

¹ To calculate the change in population for counties, cities, and towns for fiscal year 2001-02, divide the 2000 population estimate by the 1998 population estimate, and for fiscal year 2002-03, divide the 2001 population estimate by the 1998 population estimate. The population estimate is the estimate calculated by the Arizona Department of Economic Security and generally used in producing the annual expenditure limitations.

To calculate the change in population for community college districts for 2001-02, divide the fiscal year 2001-02 full-time student equivalent estimate by the fiscal year 1999-2000 full-time student equivalent estimate. For 2002-03, divide the fiscal year 2002-03 full-time student equivalent estimate by the fiscal year 1999-2000 full-time student equivalent estimate. Districts should use the full-time student equivalent estimates submitted to the Economic Estimates Commission in accordance with A.R.S. §15-1425(14).